

AW FOR APS TOLC – FA20 CHANGES GUIDE

INCOME TAX & NIC

Note that all chapters have been updated for 2020/21 thresholds, rates and allowances.

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to the UK tax system			✓	
2	2	Calculating the income tax liability			✓	
3	3	The taxation of dividend income			✓	
4	4	Relief for married couples			✓	
5	5	An introduction to self assessment			✓	
6	6	Payment dates, interest & penalties			✓	
7	7	Introduction to employment income & benefits			✓	
8	8	Company car & fuel benefits		✓		Changes to structure of car benefit percentages.

9	9	Living accommodation: taxable benefits			✓	
10	10	Loans to employees & use of assets			✓	
11	11	Miscellaneous benefits			✓	
12	12	Expenses of employment			✓	
13	13	Introduction to PAYE			✓	
14	14	Operation of the PAYE System			✓	
15	15	Class 1 National Insurance Contributions		✓		Change in eligibility rules for the employment allowance.
16	16	Class 1A & 1B National Insurance		✓		Minor additions in respect of Class 1A and termination payments.
17	17	Apprenticeship Levy		✓		Minor amends for clarity.
18	18	Classes 2 and 4 National Insurance			✓	
19	19	Termination payments		✓		Charge to Class 1A in respect of termination payments in excess of £30,000 exemption from 6.4.20.

20	20	Employed or self employed?			✓	
21	21	Personal service companies			✓	
22	22	Employment Intermediaries and the Public Sector			✓	
23	23	Pension schemes			✓	
24	24	The Enterprise Investment Scheme			✓	
25	25	Venture Capital Trusts			✓	
26	26	Introduction to share schemes			✓	
27	27	Share Incentive Plans (SIPs)			✓	
28	28	Save As You Earn Share Option Schemes			✓	
29	29	Company Share Option Plans			✓	
30	30	Non-tax advantaged share option schemes			✓	

31	31	Enterprise Management Incentives (EMIs)			✓	
32	32	Restricted securities - general principles			✓	
33	33	Residence – The Statutory Residence Rules			✓	
34	34	Domicile			✓	
35	35	Deemed domicile			✓	
36	36	Taxation of foreign income - general principles			✓	
37	37	The remittance basis			✓	
38	38	The remittance basis charge			✓	
39	39	Double Tax Relief			✓	
40	40	Overseas aspects of employment income			✓	
41	41	Construction Industry Deduction Scheme			✓	

CGT & IHT

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Introduction to capital gains tax			✓	
2	2	Calculation of capital gains			✓	
3	3	Business asset disposal relief & Investors' relief	✓			Updated for change in limit and change in name of relief from "entrepreneurs' relief" to "business asset disposal relief"
4	n/a	Reporting of gains and payment of CGT	✓			New chapter for this year
5	4	Options and other intangible assets			✓	
6	5	Gift relief			✓	
7	6	Gift relief - restrictions			✓	
8	7	Gains and Losses on EIS and VCT shares			✓	
9	8	Principal private residence relief		✓		Updated for changes to last 9 months exemption and miscellaneous small changes
10	9	PPR relief - further aspects	✓			Updated for changes to lettings relief and miscellaneous small changes

11	10	Foreign aspects of CGT			✓	
12	11	Foreign aspects - special rules			✓	
13	12	Annual Tax on Enveloped Dwellings			✓	
14	13	Transactions in Securities			✓	
15	14	Basic Principles of IHT			✓	

CORPORATION TAX

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	Close Company Definition			✓	
2	2	Close Company Implications			✓	
3	3	R&D for SMEs		✓		Changed RDEC rate from 12% to 13%

VAT & STAMP TAXES

FA20 Ch	FA19 Ch	Topic	Major changes	Minor changes	No changes	Notes
1	1	VAT General Principles		✓		Note that for exams in 2021 the syllabus is the same as that for 2020. Therefore, although the UK is in a transition phase for Brexit, exams will be set as though the UK is still a member of the EU and that EU law on VAT still applies in the UK. In addition, temporary measures introduced, as a result of COVID-19, are not examinable.
2	2	Registration			✓	
3	3	Definition of Supplies		✓		The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%.
4	4	Liability of the Supply		✓		The reduced rate on sanitary products is to go from 1 January 2021 when the UK leaves the EU transition phase. They will be liable to 0%.
5	5	Schedule 8 VATA 1994 – Zero-Rating		✓		From 1 May 2020 electronic versions of publications falling within items 1-3 of Group 3 are also zero-rated. The Upper tribunal agreed with News Corp that electronic versions of their newspapers should be zero rated. HMRC has issued Brief 1 (2020) stating their intention to appeal to the Court of Appeal (for claims prior to the change in law).
6	6	Schedule 9 VATA 1994- Exemptions			✓	
7	7	Self-Supplies			✓	

8	8	Value of the Supply		✓		Insertion of a new section on increases and decreases in consideration for supplies that have already taken place and when debit and credit notes are required and how the VAT is adjusted.
9	9	Time of Supply			✓	
10	10	Input Tax - When to Recover		✓		Advisory fuel rates from 1 June 2020 have changed. The new rates are in the Tax Tables provided for the 2021 exams.
11	11	Partial Exemption			✓	
12	12	VAT Records and Returns		✓		The 'soft landing' period for MTD has changed. Businesses will not be required to have digital links between software programs until their first VAT return period starting on or after 1 April 2021.
13	13	Accounting for VAT			✓	
14	14	Bad Debt Relief		✓		If an employee diverts funds from customers directly into their own bank account then bad debt relief is available as the supplier has not been paid. If, however, an employee steals from the till, bad debt relief is not available as the supplier was technically paid.
15	15	HMRC Powers, Appeals and Assessments			✓	
16	16	Penalties for Incorrect Returns			✓	

17	17	Penalties for Failure to Notify			✓	
18	18	Default Surcharge			✓	
19	19	International Aspects - Goods			✓	
20	20	International Aspects – Services			✓	The chapter has been re-written to improve clarity. There are no technical changes.
21	21	Land and Buildings - Zero and Reduced-Rating			✓	
22	22	Land and Buildings - Exemption and Standard-Rating		✓		The domestic reverse charge for construction services has been deferred to 1 March 2021
23	23	Land and Buildings - Option to Tax			✓	
24	24	Capital Goods Scheme			✓	
25	25	Transfer of a Going Concern			✓	
26	26	The Flat-Rate Scheme			✓	
27	27	Second-hand Goods Margin Scheme			✓	

28	28	Groups	✓			From 1 November 2019 the eligibility rules for VAT groups have changed. Individuals, partnerships and Scottish partnerships are now eligible to join, subject to conditions.
29	29	Agency		✓		<p>As a result of the Brabners case, HMRC released a policy paper announcing the withdrawal of the concessionary VAT treatment for property searches conducted by post from 1 December 2020, so to avoid the inconsistent treatment for VAT.</p> <p>A reference has been added to the section on employment v self-employment about the online CEST tool referred to in HMRC's factsheet ES/FS1, which can help to identify whether a person is an employee or self-employed.</p>
30	30	Stamp duty reserve tax		✓		<p>Cryptoasset exchange tokens eg bitcoin can be given as consideration. Consideration is defined as 'money or money's worth' so bitcoin will count as 'money's worth'. Tax will be due on the pound sterling value of the exchange tokens at the relevant date.</p> <p>A general market value rule was enacted in 2020 for transfers of unlisted securities sold to a connected company for a consideration. Tax is charged on the higher of the consideration or the market value of the shares. For listed securities the same market value rule applies but here there does not need to be any consideration provided.</p>